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DEMEX ENGINEERING, INC.

8 UNITED STATES BANKRUPTCY COURT
9 NORTHERN DISTRICT OF CALIFORNIA
10 SAN FRANCISCO DIVISION

11 In Re:
12 DEMEX ENGINEERING, INC.
13 Debtor.

Case No. 08-31873

Chapter 11

**PLAN OF REORGANIZATION
(December 31, 2009), AS AMENDED**

Date: March 12, 2010
Time: 9:30 a.m.
Place: 235 Pine St., Courtroom 23
San Francisco, CA
Judge: Hon. Thomas E. Carlson

18 **INTRODUCTION**

19 This plan of reorganization (the "Plan") provides for the restructuring of the debts of Demex
20 Engineering, Inc. ("Debtor"). If confirmed, the Plan will bind all creditors provided for in the Plan,
whether or not they file a proof of claim or accept the Plan, and whether or not their claims are
21 allowed.

22 All creditors should refer to Parts 1 - 5 of the Plan for information regarding the precise
treatment of their claims. A disclosure statement that provides additional information is being
23 circulated with the Plan. The disclosure statement is descriptive and explanatory only; the language
used in the Plan is binding. **Your rights may be affected. You should read these papers carefully
and discuss them with your attorney, if you have one.**

24 **PART 1: SECURED CREDITORS**

25 **Class I(a). Collateral to be Surrendered.**

26 Debtor has no plans to surrender collateral on the Effective Date of the Plan.

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Class I(b). Rights Unaltered.

Debtor will leave unaltered the creditor's contractual, legal, and equitable rights with respect to the following collateral. This class is not impaired and is not entitled to vote on confirmation of the Plan.

Name of Creditor	Description of Collateral
Ford Credit	2004 Ford F350 - Loan #43132515
Ford Credit	2005 Ford F350 - Loan #42055038
Ford Credit	2006 Ford Blue D (LCF) Loan #42274955
Ford Credit	2007 Ford F150 - Loan #43132357
Ford Credit	2006 Ford Explorer - Loan #41317638
Ford Credit	2006 Ford F250 - Loan #40665725
Ford Credit	2007 Ford F150 - Loan #43337846
Colonial Pacific	Bobcat T 190 Track Loader
Colonial Pacific	Bobcat Mini Excavator 331
Equilease Financial Svcs., Inc.	Takaeuchi Excavator
Wells Fargo Equipment Financing	Ingersol-Rand Bobcat S130 Wheel Loader
Wells Fargo Equipment Financing	Ford F650 Flatbed Truck
New World Equipment Funding, LLC	John Deere 80C Excavator

Class I(c). Collateral to be Sold.

Debtor reserves the right to sell any or all of the following collateral by December 31, 2009, paying all claims secured by the collateral in full with interest at the closing of the sale. (Please note: debtor may elect not to sell the listed equipment. In that event, the loans will be treated as Class 1(b) claims and Debtor will leave unaltered the creditor's contractual, legal, and equitable rights with respect to the following collateral.)

Name of Creditor	Description of Collateral	Value of Collateral	Estimated Amount Due
Puget Sound Leasing	KR 806 Tie Back Machine	\$85,0000.00	\$99,506.69
Ford Credit	2004 Ford F350 - Loan #37149656	\$7,500.00	\$1,275.98
Chase Auto Finance	2006 Ford F350 - Loan #10603015062507	\$8,500.00	\$9,499.75

Debtor will make the following monthly payments pending the closing of any sale.

Name of Creditor	Description of Collateral	Monthly Payment
Puget Sound Leasing	KR 806 Tie Back Machine	\$2,689.37
Ford Credit	2004 Ford F350	\$637.99
Chase Auto Finance	2006 Ford F350	\$476.80

The payments will continue to be due the first day of each month.

Creditors in this class may not possess or dispose of their collateral so long as Debtor is not in Material Default in performing its obligations under the Plan. Material Default is defined in Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions regarding voting see the Disclosure Statement.

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Class I(d). Collateral to be Sold Free and Clear of Liens

Debtor has no plans to sell any assets free and clear of liens and encumbrances.

Class I(e). Continue Regular Monthly Payment Debtor and Pay Arrears on Effective Date.

Debtor will pay the entire amount due by making all monthly post-confirmation regular payments, and by paying all pre-confirmation arrears on the Effective Date. All payments will continue to be due as agreed.

Name of Creditor	Description of Collateral	Regular Monthly Payment	Estimated Arrears
Cash Recovery	Heacox Portable Drill Rig.	\$2,069.55	\$6,208.65
Colonial Pacific	Bobcat T-190 Track Loader	\$1,153.98	\$3,461.40
Colonial Pacific	Bobcat mini Excavator 331	\$1,094.60	\$3,283.80
Equilease Financial Svcs., Inc.	Takaeuchi Excavator	\$498.79	\$498.79
New World Equip.	John Deere 80C Excavator	\$1,611.00	\$1,625.89
Puget Sound Leasing	KR 806 Tie-Back Machine	\$2,689.37	\$5,378.74
Wells Fargo Leasing	Bobcat S130 Wheel Loader & F650 Flatbed Ford Truck	\$1,583.80	\$1,583.80

Creditors in this class may not possess or dispose of their collateral so long as Debtor is not in Material Default in performing its obligations under the Plan. Material Default is defined in Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions regarding voting see the Disclosure Statement.

Class I(f). Pay Amount Due in Full over Time

Debtor will pay the entire amount due with interest through equal monthly payments. Payments will continue to be due the 1st day of each month continuing payments initiated pursuant to a stipulation approved by the court on December 18, 2008.

Name of Creditor	Description of Collateral	Amount Due	Interest Rate	Monthly Payment
Financial Federal	Two Airmen Air Compressors, Model Nos. 185CFM and all assets, including cash collateral, pursuant to pre-petition lease and loan agreements and a stipulation by and between the Debtor and Financial Federal, approved by the Court on December 18, 2008.	\$34,201.05	9.79%	\$6,840.21

Creditors in this class may not possess or dispose of their collateral so long as Debtor is not in Material Default in performing its obligations under the Plan. Material Default is defined in Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions regarding voting see the Disclosure Statement.

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1 **PART 2: GENERAL UNSECURED CREDITORS**

2 **Class 2(a). Small Claims.**

3 This class includes any creditor whose allowed claim is \$1,000.00 or less, and any
4 creditor whose allowed claim is larger than \$1,000.00 but agrees to reduce its claim to \$1,000.00.
5 Each member of this class shall receive on the Effective Date of the Plan a single payment equal to
6 100 percent of that creditor's allowed claim, without interest.

(See Appendix A)

7 Creditors in this class may not take any collection action against Debtor so long as Debtor is
8 not in Material Default in performing its obligations under the Plan. Material Default is defined in
9 Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions
10 regarding voting and objections to confirmation see the Disclosure Statement.

11 **Class 2(b). General Unsecured Claims – Election for Early Payment Without Interest**

12 This class includes any creditor whose allowed claim is greater than \$1,000.00 and less than
13 \$10,000.00, or any creditor whose allowed claim is larger than \$10,000.00 who agrees to reduce its
14 claim to \$10,000.00. Each member of this class shall receive six quarterly payments which equal a
15 total of 75 percent of the creditor's allowed claim without interest. The quarterly payments shall be
16 paid as follows: First payment on or before June 30, 2010, then on or before each of the following
17 dates: September 30, 2010, December 31, 2010, March 31, 2011, June 30, 2011 and September 30,
18 2011. Creditors whose claims are greater than \$1,000.00 and less than \$10,000.00 may elect to be
19 paid with Class 2(c) claims; it is estimated that Class 2(c) claims will be paid 100 percent, plus 4
20 percent interest, over five years.

(See Appendix A)

21 Creditors in this class may not take any collection action against Debtor so long as Debtor is
22 not in Material Default in performing its obligations under the Plan. Material Default is defined in
23 Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions
24 regarding voting and objections to confirmation see the Disclosure Statement.

25 **Class 2(c). Other General Unsecured Claims**

26 Every other general unsecured creditors (including claims from rejected executory contracts
27 and those creditors whose allowed claim is less than \$10,000, but who elect treatment as a Class 2(c)
28 creditor) shall be paid from available excess cash generated by the Debtor's ongoing operations.
Excess cash is defined as the amount of cash in excess of the amount needed for ongoing operations
(allowing a minimum of two months operating capital reserve - \$200,000.00). (See Appendix B for
detail of projected cash flows.) It is estimated that unsecured creditors will receive 100 percent of
their allowed claims, plus 4 percent interest, in quarterly installments over a five-year period.
Payments shall be paid as follows: First payment on or before June 30, 2010; then on or before the
last day of each of the following months each year: September 30, December 31, March 31 and June
30, with the final payment due to be paid on or before December 31, 2014. In the event that the
Debtor's available cash is less than that which is projected, the plan payments to unsecured creditors
will be less than stated on Appendix A. In the event that the Debtor's available cash is in excess of
that which is projected, plan payments to unsecured creditors will be increased.

(See Appendix A)

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1 Creditors in this class may not take any collection action against Debtor so long as Debtor is
2 not in Material Default in performing its obligations under the Plan. Material Default is defined in
3 Part 10. This class is impaired and is entitled to vote on confirmation of the Plan. For instructions
4 regarding voting and objections to confirmation see the Disclosure Statement.

5 **PART 3: PRIORITY CLAIMS AND EXPENSES OF ADMINISTRATION**

6 (a) Professional Fees. Professional fees may be paid only upon application and approval by the
7 Bankruptcy Court. Holders of administrative claims for unpaid professional fees are not entitled to
8 vote on confirmation of the Plan.

9 (1) Debtor will pay the following professional fees in full on the Effective Date, or upon
10 approval by the court, whichever is later *.

<u>Name and Role of Professional</u>	<u>Estimated Amount</u>
Nevin, Ramos & Steele, Counsel for the Debtor	\$70,000.00 *
Schnader, Harrison Segal & Lewis, LLP, Counsel for The Official Committee of Unsecured Creditors	\$22,000.00
Bachecki, Crom & Co. Accountant for the Creditors' Committee	\$ 7,500.00

14 * Counsel for the Debtor has agreed to be paid its court approved fees and costs in monthly
15 increments of \$7,500.00 beginning in April, 2010 through January, 2011.

16 Administrative priority creditors may not take any collection action against Debtor so long as Debtor
17 is not in Material Default in performing its obligations under the Plan. Material Default is defined in
18 Part 10.

19 (b) Other Administrative Claims. Debtor will pay other claims entitled to priority under section
20 503(b) in full on the Effective Date. Ordinary course of business payments will be made when due.
21 Holders of administrative claims are not entitled to vote on confirmation of the Plan.

22 Administrative priority creditors may not take any collection action against Debtor so long as Debtor
23 is not in Material Default in performing its obligations under the Plan. Material Default is defined in
24 Part 10.

25 (c) Tax Claims. Debtor will pay claims entitled to priority under section 507(a) (8) in full over
26 time with interest in equal amortizing payments in accordance with section 511 of the Bankruptcy
27 Code. Payments shall be paid as follows: First payment on or before June 30, 2010; then on or
28 before the last day of each of the following months each year: September 30, December 31, March
31, and June 30, with the final payment due to be paid on or before September 30, 2013. Payments
to holders of priority tax claims will be increased with the June 30, 2011 payment (upon payment of
the Class 2(b) claims. Holders of priority tax claims are not entitled to vote on confirmation of the
Plan.

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Name of Creditor	Estimated Amount of Claim	Statutory Interest Rate	Payment Amount	Number of Payments
California Employment Development Department	\$22,807.49	5.00%	\$1,400.00 / \$2,000.00	13
California Franchise Tax Board	\$1,839.86	4.75%	\$55.00 / \$85.00	13
Internal Revenue Service	\$142,653.50	4.00%	\$8,350.00 / \$12,350.00	13
City & County of San Francisco	\$17,558.11	4.75%	\$1,050.00 / \$1,525.00	13

Priority tax creditors may not take any collection action against Debtor so long as Debtor is not in Material Default in performing its obligations under the Plan. Material Default is defined in Part 10.

(d) Priority Wage Claims. There are no priority wages claims owing by the Debtor.

(e) Employee Benefit Plans. Debtor proposes to pay claims entitled to priority under section 507(a) (5) in full on the Effective Date.

Name of Creditor	Priority Amount of the Claim
Operating Engineers Local Union 3 Trust Funds	\$10,950

This class is impaired and is entitled to vote on confirmation of the Plan. For instructions regarding voting see the Disclosure Statement. Creditors in this class may not take any collection action against Debtor so long as Debtor is not in Material Default in performing its obligations under the Plan. Material Default is defined in Part 10.

PART 4: EXECUTORY CONTRACTS AND UNEXPIRED LEASES

(a) Executory Contracts/Leases Assumed. The Debtor assumes the following executory contracts and/or unexpired leases effective upon the date of the entry of the order confirming this Plan and shall perform all obligations thereunder, both pre-confirmation and post-confirmation. Any pre-confirmation arrearage will be paid on the Effective Date, unless the parties agree otherwise, or the court finds that a proposed payment schedule provides adequate assurance of future performance. Post-confirmation obligations will be paid as they come due.

Name of Lessor/Counterparty	Property Address or Description	Lease Contract Arrears as of the Effective Date
New World Equipment Funding, LLC	2006 Putzmeister Concrete Pump	\$871.15

(b) Executory Contracts/Leases Rejected. The debtor rejects the following executory contracts and/or unexpired leases and surrenders any interest in property securing these executory contracts and/or unexpired leases. The Debtor waives the protection of the automatic stay and allows the affected creditor to obtain possession and dispose of its collateral, without further order of the court. Upon the date of the entry of the order confirming this Plan, the Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not previously assumed or listed in paragraph (a) above.

It should be noted that there is a Financial Federal lease listed as rejected to reflect the return of the equipment pre-petition. The deficiency claim for the rejected lease was combined with the existing

loan agreement and is being paid according to its terms pursuant to a stipulation approved by the Court on December 18, 2008 (see Class 1(f) claims above).

A proof of claim arising from the rejection of an executory contract or unexpired lease must be filed no later than sixty (60) days after the date of the order confirming this Plan. Claims arising from rejection of executory contracts shall be included in Class 2 (general unsecured claims).

Name of Creditor/Lessor	Property Address or Description
Colonial Pacific	Klemm/ KR803-1 Tie Back Machine
Colonial Pacific	HTF860 Lo-Drill
Financial Federal Credit	Terex Loader
GE Capital Solutions/TFS	Terex TXC300LC-2 Heavy Excavator
GE Capital Solutions/TFS	Terex TXC225LC-2 Heavy Excavator
OB1 Associates	5 Thomas Mellon Circle, Suite 244, San Francisco, CA 94134

(c) Executory Contracts Terminated Upon Their Expiration. The following executory contracts will be allowed to expire on the expiration date noted and they will not be renewed.

Northern California AGC/Laborers Master Agreement with the District Counsel of Laborers	Collective Bargaining Agreement	Expires June 30, 2010
Master Agreement for Northern California with Local Union No. 3 of the International Union of Operating Engineers	Collective Bargaining Agreement	Expires June 30, 2010
Carpenters 46 Northern California Counties Master Agreement	Collective Bargaining Agreement	Expires June 30, 2012

PART 5: EQUITY INTERESTS

Shareholders of the Debtor shall retain their interests with their legal and equitable rights unaltered by the Plan. This class is not impaired and not entitled to vote on confirmation of the Plan.

PART 6: DISPUTED CLAIMS

(a) Distribution on Allowed Claims. Debtor will make distributions only on account of undisputed claims. If a creditor has filed a proof of claim, that claim is considered disputed only if a party-in-interest has filed an objection to the claim. If a party has not filed a proof of claim, but its claim is listed in Debtor's schedules and is not scheduled as disputed, contingent, or unliquidated, such claim is considered disputed only if a party-in-interest has filed an objection to the claim. Listing a claim as disputed in the Plan, without filing an objection to the claim, does not make the claim a disputed claim. The Debtor reserves the right to file an objection to any creditor claim prior to the Effective Date of the Plan, or if the claims is filed after the Effective Date of the Plan, within 30 days after the claims are filed, and ask the Court to rule on such objection(s).

(b) Delayed Distribution on Disputed Claims. Debtor will make no distribution on account of a claim to which an objection has been filed by a party-in-interest, until such claim is allowed by a final order. Instead, Debtor will establish and hold an appropriate reserve pending determination of the disputed claims, and will pay the appropriate amount to claimant once the dispute is resolved.

(c) Settlement of Disputed Claims. The Debtor is authorized to settle and compromise a disputed claim without court approval.

1 **PART 7: LAWSUITS RESERVED**

2 Debtor retains, and may seek to enforce, all claims against all persons or entities, including
3 claims arising under non-bankruptcy law and claims arising under Chapter 5 of the Bankruptcy
4 Code.

5 **PART 8: MEANS OF EXECUTION**

6 The Plan will be funded through quarterly payments from future income (see Appendix B
7 attached). Because the Debtor does not have the ability to raise capital except by generating profits
8 from operations, the Plan contemplates allowing the Debtor to accumulate cash reserves equal to at
9 least two months of operating capital (\$200,000.00). The plan payments listed in Appendix B are
10 anticipated minimum payments based on certain assumed levels of profitability. In the event that the
11 actual levels of profitability exceed the levels projected, plan payments will be increased. It is also
12 possible in the current economic environment that profitability may not rise to the levels projected;
13 in that event, plan payments may be decreased. The Debtor will make available all cash on hand, in
14 excess of two months of operating capital (as detailed in Appendix B), for distribution to creditors
15 under the plan at the end of each scheduled quarter. The scheduled quarters are those three-month
16 periods ending on 3/31, 6/30, 9/30, and 12/31 of each year of the Plan. There is no current plan to
17 increase the Debtor's principal's salary; however, his salary will not be increased during the Plan
18 period in any amount greater than the increase in the cost of living as stated in the index for the
19 greater San Francisco Bay Area. Additionally, there will be no increase in the principal's salary if
20 the minimum Plan payments, as outlined in Appendix B, are not being made.

21 The disbursing agent for all Plan payments will be Credit Management Association
22 ("CMA"). All fees for CMA's services shall be paid by the Debtor. The Debtor will provide
23 quarterly financial statements to CMA which will make them available to any creditor requesting a
24 copy.

25 The Official Committee of Unsecured Creditors shall remain in place after confirmation of
26 this Plan for the limited purposes of: (a) bringing appropriate action to enforce the terms of the Plan,
27 and (b) seeking the appointment of a trustee or conversion of the case to Chapter 7. In the event that
28 the Debtor does not disburse payments to the Class 2(c) creditors for four (4) consecutive quarters,
the Committee shall be authorized to ask the Court to convene a Status Conference for the purpose
of determining the viability of the Plan moving forward.

1 **PART 9: DISCHARGE AND OTHER EFFECTS OF CONFIRMATION**

2 (a) Discharge. Confirmation of the Plan discharges Debtor from all debts provided for in the
3 Plan, whether or not the creditor files a proof of claim, whether or not the creditor accepts the Plan,
4 and whether or not the creditor's claim is allowed, except as provided in section 1141 of the
5 Bankruptcy Code.

6 (b) Vesting of Property. On the Effective Date, all property of the estate will vest in the
7 reorganized Debtor pursuant to § 1141(b) of the Code free and clear of all claims and interests
8 except as provided in this Plan, subject to revesting upon conversion to chapter 7 as provided in Part
9 10(f) below, provided that the vesting of said property will be without prejudice and will not act as a
10 bar to a post-confirmation motion to convert this case to one under chapter 7 by any party-in-interest
11 on any appropriate grounds. The granting of such motion will revest all of the Debtor's property not
12 already administered into the chapter 7 estate.

13 (c) Plan Creates New Obligations. Except as provided in Part 10, paragraph (e), the obligations
14 to creditors that Debtor undertakes in the confirmed Plan replace those obligations to creditors that

1 existed prior to the Effective Date of the Plan. Debtor's obligations under the confirmed Plan
2 constitute binding contractual promises that, if not satisfied through performance of the Plan, create
3 a basis for an action for breach of contract under California law. To the extent a creditor retains a
lien under the Plan, that creditor retains all rights provided by such lien under applicable non-
Bankruptcy law.

4 **PART 10: REMEDIES IF DEBTOR DEFAULTS IN PERFORMING THE PLAN**

5 (a) Automatic Stay Vacated. The automatic stay of section 362(a) of the Bankruptcy Code
6 terminates as of the Effective Date of the Plan.

7 (b) Creditor Action Restrained. The confirmed Plan is binding on every creditor whose claims
8 are provided for in the Plan. Therefore, notwithstanding paragraph (a) above, a creditor may not take
any action to enforce either the pre-confirmation obligation or the obligation due under the Plan, so
long as Debtor is not in Material Default under the Plan, as defined in paragraph (c) below.

9 (c) Material Default Defined. If Debtor fails to make any payment required under the Plan, or to
10 perform any other obligation required under the Plan, for more than 5 calendar days after the time
specified in the Plan for such payment or other performance, the affected creditor may serve upon
11 Debtor and Debtor's attorney (if any) a written notice of Debtor's default. If Debtor fails within 10
calendar days after the date of service of the notice of default either: (i) to cure the default; or (ii) to
12 obtain from the court an extension of time to cure the default, or a determination that no default
occurred, then Debtor is in Material Default under the Plan.

13 (d) Remedies Upon Material Default. Upon Material Default, an affected creditor may:

14 (i) Take any actions permitted under applicable non-Bankruptcy law to enforce the
15 obligation due the affected creditor under the Plan, and may accelerate the time for performance of
all payments and other performance due to the creditor over the course of the Plan and not yet
16 performed at the time of the Material Default; or

17 (ii) File and serve a motion to convert the case to one under chapter 7.

18 (e) Claims not Affected by Plan. Upon confirmation of the Plan, any creditor whose claims are
left unimpaired under the Plan may, notwithstanding paragraphs (a), (c), and (d) above, immediately
19 exercise all of its contractual, legal, and equitable rights, except rights based on default of the type
that need not be cured under section 1124(2) (A) and (D).

20 (f) Effect of Conversion to Chapter 7. If the case is at any time converted to one under chapter 7:

21 (i) All property of the Debtor as of the date of conversion, whether acquired pre-
22 confirmation or post-confirmation, shall vest in the chapter 7 bankruptcy estate; and

23 (ii) All creditors, whether their claims arose pre-confirmation or post-confirmation, are
prohibited from taking action against the chapter 7 bankruptcy estate or property of the estate by
24 section 362 of the Bankruptcy Code.

25 (g) Retention of Jurisdiction. This court shall retain jurisdiction over proceedings: (i) to
determine whether Debtor has defaulted in performance of any Plan obligation; (ii) to determine
26 whether the time for performing any Plan obligation should be extended; (iii) to determine whether a
trustee should be appointed or the case should be converted to one under chapter 7 (and proceedings
27 following any such conversion); (iv) to determine whether Debtor is in Material Default; to
adjudicate any dispute between the parties in interest and the Debtor; and (vi) any enforcement
28 action permitted under paragraph (d) (1) of Part 10, above.

1 **PART 11: TEMPORARY INJUNCTION**

2 The Debtor business is operated by Mr. Uwe Guehnemann, who serves as President of the
3 corporation, and operates the business with only one part-time assistant. The Debtor's success is
4 entirely related to his ability to focus his time, energies and interests on the Debtor business. Mr.
5 Guehnemann has personally guaranteed a number of the obligations of the Debtor. As of the date of
6 the filing of the Plan of Reorganization, a number of lawsuits have been filed; two of which have
7 been taken off-calendar or continued for the time-being and at least two are scheduled to go to trial
8 in or after March of 2010. Concurrent with the confirmation this Plan, the Debtor will ask the Court
9 to enter a Temporary Injunction, pursuant to the Court's powers under 11 U.S.C. §105, enjoining
10 any party from filing any complaint, or pursuing any existing complaint, against Mr. Uwe
11 Guehnemann to enforce any personal guarantee of the Debtor's obligations which is provided for
12 under the Plan. For so long as the Temporary Injunction remains in effect, Uwe Guehnemann shall
13 be restrained and enjoined from transferring, encumbering, or otherwise disposing of any of his real
14 or personal property (except for transfers made in the ordinary course of business that do not result
15 in a material reduction in his net worth), unless such transfer, encumbrance, or disposition is
16 approved by the Court after due notice to creditors. The Temporary Injunction will be in effect so
17 long as the Debtor is in compliance with the terms of the Plan. The Temporary Injunction will be
18 vacated in the event that the Debtor is in Material Default and fails to cure the default or obtain an
19 extension of time in which to cure the default as described in Part 10 (c) above.

20 The Temporary Injunction will mitigate the irreparable harm to the Debtor, and the Debtor's ability
21 to fund the Plan, that would result from litigation against Mr. Guehnemann. If Mr. Guehnemann is
22 forced to defend himself against such litigation, it will divert his time, energies and interests from the
23 Debtor business and place the Plan in peril. The Debtor has no adequate remedy at law, as these
24 actions will be, and are being, taken against Mr. Guehnemann individually and are not enjoined by
25 the automatic stay or otherwise covered by the discharge injunction. The Plan has a reasonable
26 probability of success, assuming that Mr. Guehnemann has the ability to focus his attentions on the
27 operation of the Debtor business. The Temporary Injunction will also act to toll all applicable
28 statutes of limitations for the existing personal guarantees, or other claims against Mr. Guehnemann,
thereby mitigating any risk to those parties holding personal guarantees. For these reasons, the
Debtor believes that a Temporary Injunction is in the best interests of the Debtor and all parties in
interest.

18 **PART 12: GENERAL PROVISIONS**

19 (a) Effective Date of Plan. The Effective Date of the Plan is the later of the eleventh business
20 day following the date of the entry of the order of confirmation or March 31, 2009, if no notice of
21 appeal from that order has been filed. If a notice of appeal has been filed, the Plan proponent may
22 waive the finality requirement and put the Plan into effect, unless the order confirming the Plan has
23 been stayed. If a stay of the confirmation order has been issued, the Effective Date will be the first
24 business day after that date on which no stay of the confirmation order is in effect, provided that the
25 confirmation order has not been vacated.

26 (b) Cramdown. Pursuant to section 1129(b) of the Bankruptcy Code, Debtor reserves the right to
27 seek confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of
28 creditors.

(c) Severability. If any provision in the Plan is determined to be unenforceable, the
determination will in no way limit or affect the enforceability and operative effect of any other
provision of the Plan.

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1 (d) Binding Effect. The rights and obligations of any entity named or referred to in the Plan will
2 be binding upon, and will inure to the benefit of the successors or assigns of such entity.

3 (e) Captions. The headings contained in the Plan are for reference and convenience only and do
4 not affect the meaning or interpretation of the Plan

5 (f) Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the
6 Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of California govern the
7 Plan and any agreements, documents, and instruments executed in connection with the Plan, except
8 as otherwise provided in the Plan.

9 (g) Notices. Any notice to the Debtor shall be in writing and mailed, and will be deemed to have
10 been given three days after the date sent by first class mail, postage prepaid and addressed as
11 follows:

12 Attorney for the Debtor:

Debtor:

13 Alan E. Ramos
14 Nevin, Ramos & Steele
15 700 Ygnacio Valley Road, Suite 300
16 Walnut Creek, CA 94596-3838

Demex Engineering, Inc.
218 Shaw Road Suite C
South San Francisco CA 94080

17 (h) Requests for Plan Payment Information. All post-confirmation requests for information
18 (financial statements, questions about Plan disbursements, etc.) shall be in writing and addressed as
19 follows:

20 Credit Management Association
21 P.O. Box 1838
22 San Leandro CA 94577
23 (510) 346-6000
24
25
26
27
28